

P-542, 404, 421, 430, 407, 405, 426, 427, 520/CP-92-30

ORDER ACCEPTING COST STUDIES AND PROPOSED RATES AS MODIFIED

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Joel Jacobs
Tom Burton
Marshall Johnson
Dee Knaak
Don Storm

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for Extended Area
Service from the Lonsdale Exchange to the
Minneapolis/St. Paul Metropolitan Calling
Area

ISSUE DATE: October 18, 1995

DOCKET NO. P-542, 404, 421, 430, 407,
405, 426, 427, 520/CP-92-30

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PROCEDURAL HISTORY

On January 13, 1992, subscribers in the Lonsdale exchange filed a petition seeking extended area service (EAS) to the Minneapolis/St. Paul metropolitan calling area (the MCA). The Lonsdale exchange is served by the Lonsdale Telephone Company (Lonsdale).

On October 28, 1993, the Commission issued its ORDER REQUIRING FILING OF COST STUDIES AND PROPOSED RATES.

In May, 1994, the affected telephone companies filed their cost studies and proposed rates.

On August 4, 1994, the Department of Public Service (the Department) filed a report based on routing Lonsdale traffic to the MCA through the Northfield exchange, which was in the midst of the EAS petition process.

On February 15, 1995, after Northfield subscribers voted against EAS to the MCA, the Commission solicited comments on routing the Lonsdale EAS route through another exchange.

Between February and April, 1995, all affected telephone companies filed either revised cost studies or statements that the routing would not change their costs.

On May 1, 1995, the Department filed its revised report and recommendation.

On October 3, 1995, the matter came before the Commission for consideration.

FINDINGS AND CONCLUSIONS

The Commission agrees with the Department that Lonsdale's proposed new routing through US WEST's Owatonna tandem and Lonsdale's voluntary reduction in its revenue requirement should be accepted.

The Department also made several recommendations which resulted in revisions to the proposed rates. These recommendations will be discussed in turn. The Commission notes that Lonsdale did not object to any of the recommendations.

I. GTE'S AND UNITED'S REDUCED RATES

The Commission recently approved settlements for GTE and United which reduced the companies' rates of return and access and transport rates.¹ The Department recommended a revision to Lonsdale's proposed rates which would reflect GTE's and United's lower rates.

The Commission agrees with the Department that its revision of the proposed rates reflects the latest and most accurate version of underlying costs. The Commission accepts the Department's recommendation.

II. THE ADDITION OF MONTICELLO AND ZIMMERMAN TO THE MCA

The Monticello and Zimmerman exchanges were added to the MCA on February 1, 1995. The Department recalculated Lonsdale's proposed rates to factor in the slight cost increase due to the addition of Monticello and Zimmerman.

The Commission adopts the Department's recalculations to reflect the increased costs of adding Monticello and Zimmerman to the MCA.

III. LONSDALE'S LOWER-PRICED ALTERNATIVE

Lonsdale proposed a lower-priced alternative additive of \$20.00 per month for residential service and \$34.00 per month for business service, plus an additional \$0.12 per minute. The proposal was calculated using approximately 50% of the flat rate EAS additive, and a per minute charge slightly below the current average toll usage charge of \$0.14 per minute.

The Department recommended that Lonsdale use time-of-day-sensitive usage rates for its lower-priced alternative, thereby reducing the flat rate portion of the price alternative. The Department calculated usage rates of \$0.25 per minute during the day and \$0.125 per minute for

¹ GTE's settlement was considered under Docket No. P-407/DI-93-645, which was later reassigned to Docket No. P-407/CI-94-366. United's settlement was considered under Docket No. P-430/DI-93-646, which was later reassigned to Docket No. P-430/CI-94-483.

evening/night. Under this scheme, the flat rate portion would decrease to \$16.72 for residential and \$28.66 for business.

The Commission agrees with the Department's recommendation. This method provides a useful price alternative for subscribers who place very few calls to the metropolitan area. It also gives subscribers better control over their pricing through their timing of calls.

IV. CONCLUSION

The Commission adopts the rates proposed by Lonsdale, as revised and recalculated by the Department.

ORDER

1. The Commission accepts Lonsdale's cost studies and proposed rates, as modified by the Department, and adopts the following EAS rate additives and lower-priced alternative for the Lonsdale exchange:

EAS Rate Additives

Residence	\$39.86
Business	68.33

Lower-priced Alternative

Residence	\$16.72
Business	28.66

Plus \$0.25 per minute for daytime calls to the MCA and \$0.125 per minute for evening/weekend.²

2. The Commission accepts the proposed additives for the metropolitan exchanges, as proposed by the affected companies and recalculated by the Department. See Attachment A.
3. Lonsdale shall cooperate fully with Commission Staff and contractors to conduct a poll of access lines in the Lonsdale exchange and shall provide:
 - a. usable, deliverable addresses for all access lines in a format and according to a time frame established by Commission Staff;
 - b. proof of the accuracy of the customer list as requested by Commission Staff;
 - c. a list of Lonsdale subscribers as of the date specified by Commission Staff for polling the Lonsdale exchange.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

² Per minute charges will not apply to calls within Lonsdale or to Webster and New Market (with whom Lonsdale has EAS).

Burl W. Haar
Executive Secretary

(S E A L)

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